Supreme Court of the United States.

OCTOBER TERM—1899.

CHARLES E. BOLLES,
Plaintiff in Error,

vs.

THE OUTING COMPANY, LIMITED,
Defendant in Error.

Brief of Plaintiff in Error.

In Error to the United States Circuit Court of Appeals for the Second Circuit.

Action for penalties for infringement of Copyright of Photograph under Section 4965 U. S. R. S.

Statement of Facts.

The plaintiff in error, Charles E. Bolles, a citizen and resident of the city (now Borough) of Brooklyn, in the State of New York, is a photographer, now, and for many years, carrying on business in Brooklyn, and making a specialty of photographing yachts and ships.

The defendant in error, The *Outing* Company, Limited, a New York corporation, carrying on business in the City of New York, is the publisher of a monthly magazine known by the name of *Outing*.

In August, 1893, the plaintiff in error made a

photograph of the yacht *Vigilant*, within the Southern and Eastern District of New York, and copyrighted the same under the title, "*Vigilant* No. 4."

The defendant in error had a photogravure made of the photograph, and published it in its magazine of November, 1893.

The copyright stamp on the photograph was made by the impression at the lower right-hand corner of the photographs of the words "Copyright 93, by Bolles, Brooklyn." "Bolles" was the trade mark name used by the plaintiff in error. (Record, p. 19).

The defendant in error had no permission, either printed or verbal, to use the photograph.

One copy of the November, 1893, *Outing* magazine was purchased of the defendant in error by an employee of the plaintiff in error, on November 9, 1893, for the sum of twenty-five cents. (Record, p. 23).

The action was begun on April 18, 1894. (Record, p. 2).

On the first trial the action was dismissed on the ground that the copyright stamp on the photograph, viz.: "Copyright 93, by Bolles, Brooklyn," was not a sufficient notice of copyright stamp under the statute, because the year was not given in full, and the full name of the owner was not given.

The plaintiff took the case on writ of error to the Circuit Court of Appeals upon exception to the dismissal and exception to the exclusion of the evidence offered as to the number of copies of the infringement found in the defendant's possession.

The Circuit Court of Appeals held that the copyright stamp was sufficient, and sent the case back for new trial, but sustained the trial Court in its exclusion of the evidence offered as to the number of copies found in possession of the defendant.

See opinion by Wallace, *J.*, Record, p, 37 to 39, and 77 Fed. 966.

On April 5, 1897, a new trial was had, the same evidence as to the number of copies of the infringement found in the possession of the defendant was excluded and a verdict directed for plaintiff for one dollar penalty for the one copy bought by plaintiff's employee from the defendant. (Record, p. 24).

The plaintiff moved for a new trial on the ground that the Court's refusal to permit plaintiff to prove the number of copies which had been in the defendant's actual physical possession at any time within two years previous to the commencement of this action is a prejudicial error (Record, p. 24), to which ruling plaintiff excepted.

Judgment for plaintiff was entered for one dollar and costs, April 17, 1897. (Record, p. 11).

The plaintiff again sued out writ of error to the Circuit Court of Appeals, which affirmed the judgment for one dollar and costs on its former opinion. (Record, fol.).

The errors assigned are: First, In the rejection of evidence offered by plaintiff as follows: In that the attorney for the plaintiff asked the witness, Richard R. Ridge, the following questions:

(1). Q. How many copies of that issue did you print for and deliver to "Outing?"

(2). Q. How many copies of that issue did you deliver into the possession of the defendant? and;

(3). In that the witness, Henry Dexter, President of the American News Company, being called and sworn to testify in behalf of the plaintiff, was asked by plaintiff's counsel the following question:

Q. How many copies of Exhibit D [November 1893 Outing Magazine] did you receive from the possession of the defendant, for the purpose of sale and distribution, on the defendant's behalf?

Which three questions were, on objection of the defendant, excluded, on the ground that the copies found in the possession of the defendant are the

measure of the penalties and not the copies published. Second, That the Court erred in overruling the motion of the plaintiff for a new trial (Record pp. 27 & 28).

In other words, that the Circuit Court erred in refusing to permit the plaintiff to prove the number of copies of Exhibit D which had been found in the defendant's actual physical possession at any time within two years previous to the commencement of this action, no matter by whom found, other than the plaintiff or his agent, and that the Circuit Court of Appeals erred in sustaining the ruling of the Circuit Court. (See Record pp. 31, 32 and 33).

POINTS.

I.

All statutes, penal and remedial, ought to be reasonably construed so as to effectuate the legislative intent.

Defendant in error quoted below authorities to the effect that this is a penal statute, and should be strictly csnstrued, and thereupon contends for a construction which would render the statute almost wholly nugatory and ineffective. The applicability of the rule as to strict construction is considered herein (Point II). Assuming for the purpose of the argument, however, that the statute is penal, it should nevertheless receive a reasonable construction effectuating the legislative intent.

Even in the case of felonies the Courts have adopted this principle and applied it in practice. On this point the decision of the Supreme Court in the lead-

ing case of Lacher *vs.* United States, 134 U. S., 624, is very much in point. The Court, speaking by Chief Justice FULLER, unanimously held: "As contended on behalf of the defendant there can be no constructive offences; and before a man can be punished his case must be unmistakably within the statute. But, though penal laws are to be construed strictly, yet the intention of the Legislature must govern in the construction of penal as well as other statutes; and they are not to be construed so strictly as to defeat the obvious intention of the Legislature."

U. S. *vs.* Wiltberger, 5 Wheat., 76.
U. S. *vs.* Morris, 14 Pet., 464.
Fur Co. *vs.* U. S., 2 Pet., 358, 367.

"It appears to me," said Mr. Justice STORY, in U. S. *vs.* Winn, 3 Sam., 209, 211, "that the proper course in all these cases is to search out and follow the true intent of the Legislature, and to adopt that sense of the words which harmonizes best with the context, and promotes in the fullest manner the apparent policy and objects of the Legislature." To the same effect is the statement of Mr. Sedgwick in his work on Statutory and Constitutional Law (2d Edition, 282): "The rules that statutes of this class are to be construed strictly is far from being a rigid and unbending one, or rather, it has in modern times been so modified and explained away as to mean little more than that penal provisions, like all others, are to be fairly construed according to the legislative intent as expressed in the enactment, the Courts refusing on the one hand to extend the punishment to cases which are not clearly embraced in them, and on the other, equally refusing, by any mere verbal nicety, forced construction or equitable interpretation, to exonerate parties plainly within their scope." This passage is quoted by Baron Bramwell, in Atty. Gen'l *vs.* Sillem, 2 Hurl, etc., 532, as

one " in which good sense, force and propriety of language are equally conspicuous, and which is amply borne out by the authorities, English and American, which he cites." And the reason for the less rigorous application for the rule is well given in Maxer. Int. St. (2d, Ed.), 318, thus: "The rule which requires that penal and some other statutes shall be construed strictly, was more rigorously applied in former times, when the number of capital offences was more than one hundred and sixty, or more; when it was still punishable with death to cut down a cherry tree in an orchard, or to be seen for a month in the company of gypsies. But it has lost much of its force and importance in recent times, since it has become more and more generally recognized that the paramount duty of the judicial interpreter is to put upon the language of the Legislature, honestly and faithfully, its plain and rational meaning, and to promote its object. It was founded, however, on the tenderness of the law for the rights of individuals, and on the sound principle that it is for the Legislature, not the Courts, to define a crime and ordain its punishment." And, looking into the evil in the mind of the Legislature, the character of the acts prohibited, the history of the act, and similar statutes remaining, and above all into the the reasonable intent of Congress, the Court proceeded to give effect to each line of R. S. 5,467 for embezzling letters, in spite of the fact that a line of connecting matter had been left out in the revision by repunctuating it, so that the penalty embraced all the prohibited acts enumerated in the statute.

This case has been repeatedly followed by the Supreme Court, and was cited as authority in the very recent case of Wiborg *vs.* U. S., 163 U. S., 632, 647.

II.

This statute is remedial as well as penal.

The authorities cited on behalf of plaintiff in error to this effect were *below* dismissed by defendant in error, because the Supreme Court said, in Backus *vs.* Gould, that as "this is a penal section, it must be construed strictly." No reference was made in that case on behalf of the plaintiff to the remedial element of the statute, and that point does not appear to have been considered by the Court, in that case. That the remedial element, even in penal statutes, should be considered by the Courts, has however, been repeatedly held since Bacus *vs.* Gould was decided by the Supreme Court.

In the much more recent case of Huntington *vs.* Attrill, 146 U. S., 657, the Court considered this whole question very carefully in an exhaustive opinion by Mr. Justice Gray, and limited and overruled many earlier cases tending to the contrary. The Court held (p. 666):

"In interpreting this maxim ('The Courts of no country execute the penal laws of another,') there is danger of being misled by the different shades of meaning allowed to the word 'penal' in our language. In the municipal law of England and America, the words 'penal' and 'penalty' have been used in various senses. Strictly and primarily, they denote punishment, whether corporal or pecuniary, imposed and enforced by a State for a crime or offense against its laws (U. S. *vs.* Reisinger, 128, U. S., 398 402; *vs.* U. S. Chanteau, 102 U. S., 603, 611). But they are also commonly used as including any extraordinary liability to which the law subjects a wrongdoer in favor of the person wronged, not limited to the damages suffered. * * * Penal laws, strictly and properlty, are those imposing punishment

for an offense committed against the State, and which, by the English and American Constitutions, the executive of the State has the power to pardon. Statutes giving a private action against the wrongdoer are sometimes spoken of as penal in their nature, but in such cases it has been pointed out that neither the liability imposed nor the remedy given is strictly penal. The action of an owner of property against the hundred to recover damages caused by a mob was said by Justice Willis and Butler to be 'penal against the hundred, but certainly remedial to the sufferer' (Hyde *vs.* Cogan, 2 Dong., 699, 705, 706). A statute giving the right to recover back money lost at gaming, and if the loser does not sue within a certain time, authorizing a *qui tam* action to be brought by any other person for threefold the amount, has been held to be remedial as to the loser, though penal as regards the suit by a common informer? * * * The test whether a law is penal, in the strict and primary sense, is whether the wrong sought to be redressed is a wrong to the public, or a wrong to the individual; according to the familiar classification of Blackstone: Wrongs are divisible into two sorts or species, private wrongs and public wrongs."

In the case of Stickwell *vs.* U. S., 13 Wall., 531, the Court emphasized the fact that statutes authorizing a recovery of a penalty are not properly penal, *where the penalty is awarded to the party injured*, although it does not strictly measure the degree of his damages. The statute in question was one of the revenue laws of the United States, and imposed a forfeiture of double the value of the goods (not of the duty) where goods were illegally imported into the United States. The Court held (p. 547): "It must, therefore, be considered as remedial, as providing indemnity for loss. And it is not the less so because the liability of the wrongdoer is measured by double the value of the goods received, concealed or purchased, instead of their single value. The act of ab-

stracting goods illegally imported, receiving, concealing or buying them, interposes difficulties in the way of a government seizure, and impairs, therefore, the value of the government right. It is, then, hardly accurate to say that the only loss the government can sustain from concealing the goods liable to seizure is their single value, or to assert that the liability imposed by the statute of double the value is arbitrary and without reference to indemnification. Double the value may not be more than complete indemnity. There are many cases in which a party injured is allowed to recover in a civil action double or treble damages. Suits for infringements of patents are instances, and in some States a plaintiff recovers double damages for cutting timber upon his land. It will hardly be claimed that these are penal actions requiring the application of different rules of evidence from those that prevail in other actions for indemnity."

A comparison of R. S,, 4963, which is a purely penal section, giving a remedy by *qui tam* action to a common informer, with the section here involved, affording a right of action for fixed statutory damages, varying with the degree of damage, one-half of which at least goes to the party damages, makes clear the difference between the character of these actions.

It is submitted that under the more recent and authoritative Supreme Court cases in question, the cases heretofore cited on behalf of plaintiff in error recognizing the at least partially remedial character of R. S. 4965, correctly express the law (see Brief, p. 5).

To the objection that the amount of the penalty may be greater than the damages in some cases, and less in others, it is a sufficient answer that Congress in its wisdom has nevertheless chosen to adopt that principle of fixed damages in its legislation. As amended, the damages may in many cases be inadequate, in view of the great value of some of the copyrights embraced in this section, *particularly in view*

of the difficulty in discovering and tracing infringements.

The history of copyright legislation shows that by means of the fostering protection furnished by the law, copyrights have at length in many cases become very valuable property. When that was accomplished, in the case of books, Congress (in 1870) recognized the fact and abolished the penalty provisions and furnished an action on the case for damages as a substitute.

In the case of the articles embraced by Sec. 4965 its recent amendments have recognized the fact that these copyrights have become valuable, and that, therefore, limitations on the penalties recoverable may be put without injury to the authors, whom the Constitution seeks to protect. In a subsequent stage of development doubtless the penalties will be absolutely abolished. But no one can fail to recognize the fact that without the original penalty provisions as to books, etc., literature would have been seriously retarded and authors forced to content themselves with a pittance as compensation for their labors.

The attitude of the Courts of our day is well expressed by the Court in Myers *vs.* Callaghan, 5 Fed. Rep., 726, 732: "I am not inclined to agree with the strict consruction which has been placed on the acts of Congress by some of the Courts. It seems to me, on the contrary, that *these various provisions of law in relation to copyright should have a liberal construction* in order to give effect to what may be considered the inherent right of the author to his own work."

Thus in Dwight *vs.* Appleton, 1 N. Y. Legal Obs., 195.

Thompsou, *J.*, says: "Though these acts are penal, yet they are remedial also, and made in favor

of the aggrieved party, and to secure his rights the forfeiture goes in part to him."

See also Myers *vs.* Callahan, 5 Fed. R., 726, 732.

III.

FOUND IN POSSESSION.

The statute contemplates a recovery of one dollar for every copy found by any one in defendant's possession within the period of the statute of limitations.

Whether the statute be regarded as penal or remedial, the question remains that the reasonable intent of the Legislature should be effectuated.

By Section 4952 the author, inventor, designer and proprietor is given the sole right of reprinting, copying and vending the copyrighted article. The presumption at once arises that there is some sanction in the law to preserve his rights and protect them. This is found as to books in Sec. 4964, as to dramatic compositions in 4966, as to the other copyright subjects in Section 4965. It will be noticed that this last section prohibits all persons without consent from engraving, etching, working, copying, printing, publishing, importing, varying the main design or knowingly selling or exposing for sale any unauthorized copy of the article. The prohibition, it will be noticed, includes selling, as well as exposing for sale, and printing and publishing. The whole section has for its purpose the imposition of penalties for doing the prohibited thing. Obviously the whole purpose of the statute would be frustrated as regards

the most aggravated and detrimental invasions of the author's rights, if past transactions are not embraced by the words "one dollar for every sheet of the same found in his possession." The statute (Sec. 4952) is certainly not less violated because the pirate has succeeded in disposing of the copies before the plaintiff detected him and could find the copies. The injury to the owner of the copyright is, of course, even greater where the infringements for value received have been spread broadcast, after they left defendant's possession. The mere unlawful possession of copies which were printed or published without authority, works no such injury to the owner of the copyright as does their accomplished dispersion, with its inevitable effect of depreciating, if not destroying, plaintiff's exclusive right to copy and sell. The only reference to time in its bearings on infringements while a copyright is in force is in Sec. 4968 (the Statute of Limitations).

No rational ground for any legislative intent to limit the language of the statute to copies personally found by the plaintiff himself, on some one occasion, in defendant's possession, can be suggested. It is submitted that the statutory language suggests no such limitation. The statute does not say that *the plaintiff personally* must have found the copies in defendant's possession. It does not say that there must have been one single occasion, and no more, when the copies were thus found. It does not say that such finding must have been just prior to the commencement of the action, not two months prior, for instance. No suggestion of any such intent appears anywhere in the statute. The uniform practice has been, as appears from the brief heretofore filed herein, to introduce testimony to show the number of copies found by different persons in the defendant's possession during the time stated in the complaint, and within the period of

limitation. All the circumstances as to the finding are competent to place before a jury. If a person saw the copies there, delivered them there, took them from there, he certainly FOUND them in the defendant's possession,

This is the view taken in Dwight *vs.* Appleton, 1 N. Y., Legal Obs., 195, 8 Fed. Cases, p. 183, by Justice Thompson; in Reed *vs.* Carusi, Campbell's Taney's Rep., 72, 20, Fed. Cases, p. 431, by Chief Justice Taney, and in Millett *vs.* Snowden, 1 West Law. J., 240, 17 Fed. Cases, p. 374, by Betts, J., as well as in the other cases under the statutes, reported or unreported, that have been discovered. It will be noticed that two of these three cases were decided in this district. To the same effect is the charge of Judge Shipman in Springer Litho. Co. *vs.* Falk, 59 F. R., 707, reported on appeal to this Court. It will be noticed that the evidence is fully presented in Dwight *vs.* Appleton, and was of the same character as the testimony excluded herein, and nothing inconsistent with this was decided by the Supreme Court in either Backus *vs.* Gould, 7 How., 798, or in Thornton *vs.* Schreiber, 124 U. S., 612.

In Johnson *vs.* Donaldson, 3 Fed. Rep., 22, the question was whether in an action for penalties, defendant could be compelled "by subpœna *duces tecum*, to produce his books of account, photographic plates and the copies of the printed chromos claimed to be in his possession, to be used as evidence for the plaintiff." Wallace, J., held that a decision at the trial on this point in defendant's favor was correct, as the defendant could not be obliged to testify against himself in an action for a penalty. The Court, as well as the parties, here assumed that the books of account might show how many copies HAD BEEN *in defendant's possession; for*, on the theory of defendant in

error, the whole matter would have been irrelevant.

It should also be noticed that the form of imposition of penalties and forfeitures for "articles found in defendant's possession" is an extremely common one, and is found in numerous other federal statutes. Compare, for instance, the 43d Section of the Customs Act of March 2, 1799," if any chest, etc., shall be found in the possession of any person, unaccompanied with such marks and certificates, it shall be presumptive evidence that the same is liable to forfeiture." No such difficulty as to the construction of this were encountered, the language having been given its natura import in

651 Chests of Tea *vs.* U. S., 1 Paine, 499.

U. S. *vs.* 350 Chests, 12 Wheaton, 486.

Similar language is used in R. S. 3069, 2797, 3257, 3258, etc., etc.

The language of R. S. 3258 has been repeatedly construed by the Courts. It provides that "every still or distilling apparatus not so registered, together with all personal property in the possession or under the control of such person and found in the building or in any yard or enclosure connected with the building in which the same may be set up, shall be forfeited."

This was construed in the cases of U. S. *vs.* Distillery, 11 Blatchf., 255, and U. S. *vs.* Stowell, 133, U. S., 1.

Under this statute the Supreme Court held in the Stowell case (p. 15) "Sec. 3258 does not forfeit any land or buildings. But it does forfeit every still or distilling apparatus not registered by the person having it in his possession or custody, or under his control; as well as all 'personal property in the possession or custody or under the control of such person

and found in the building or in any yard or enclosure connected with the building in which the same may be set up.' Personal property, by whomsoever owned, is thus included in the forfeiture, provided that it is in the possession, custody, or control of the distiller, as well as found upon the premises. There is no reason for giving a narrower construction to this enactment than to the second provision of Sec. 16 of the Act of 1875 above considered."

Again (p. 17): "The forfeiture under the first of these provisions of spirits and wines, stills and apparatus owned by the offender, is evidently intended to take effect immediately upon the commission of the offense, so as to prevent any subsequent alienation by him before seizure and condemnation, and the words 'wherever found' merely preclude all limit of place, and have no tendency to postpone the time when the forfeiture shall take effect. In the second provision the restriction to personal property 'found in the distillery' or upon the premises of which it is a part, is a limit of place only, and does not postpone the forfeiture of such property which is on the premises when the offense is committed."

On reason and authority the construction contended for by the defendant in error is untenable.

It is in this connection that the case of Ex. p. Beal, L. R., 3 Q. B. 387 quoted in plaintiff's brief (pp. 10, 11), is particularly applicable, for the Court says that "a different construction would result in an absurdity and defeat the intention of the Legislature. * * * The Legislature was dealing with an offense which was likely to be committed wholesale, and they have used words meaning that the sale of every copy should be an offense." So also the Lacher case is direct authority also on this point, to show that Congress must have intended that the penalty embraced all the acts prohibited in the section, including, therefore, copies sold and delivered which had been in defendant's possession.

The respondent rests his entire case, as he did at first instance, on the decision of the Supreme Court in the case of "Backus *vs.* Gould."

As with a sweep of the hand he brushes away every argument and every one of the numerous and pregnant citations of the appellant, without even attempting to criticise or distinguish them, with the sole argument (?) that they ante-date "Backus *vs.* Gould."

He fatuously ignores the fact that the Supreme Court, in not criticising or distinguishing the various authorities thus cited by the appellant, evidently considered them wholly consistent with the law declared in said case.

He clearly shows his utter misapprehension of the contention of the plaintiff in error, he seems to think the plaintiff in error has proceeded upon the theory that he could establish a case for an enormous amount of penalty by showing how many copies WERE PRINTED AND SOLD."

That contention, it is conceded, is bad law, AND WAS SO HELD BY THE SUPREME COURT IN "BACKUS *vs.* GOULD."

But that is precisely NOT the theory upon which the case was tried by the plaintiff in error, and is NOT the testimony, the exclusion of which is the basis of this appeal.

The error alleged and brought up for review is the exclusion by the Court below of the evidence of copies "*delivered into possession* of the defendant," and "immediately thereafter *taken out of defendant's possession;*" *i. e.*, evidence of copies which had actually been in defendant's own physical possession.

In "Backus *vs,* Gould" the only proof was of "copies SOLD by defendant." There was not one word of evidence in that case, that any of the copies so sold *had ever been in the* **DEFENDANT'S** *possession.*

THAT IS PRECISELY WHAT DISTINGUISHES THIS CASE FROM THE CASE OF "BACKUS *vs.* GOULD."

It has always been held that the plaintiff could show the number of copies he *personally* or by *his agent* had found in possession of the defendant.

The plaintiff in error here contends that he should have been permitted to show the number of copies found in the defendant's possession by any person save the defendant himself.

It is a fair, reasonable and just construction of the statute, and neither Backus *vs.* Gould, nor any other case, except that at the bar, holds to the contrary.

Any other construction would relieve from any liability for penalties every publisher of newspapers or magazines, no matter how culpable. For, in the nature of things, these infringements cannot be known to the party wronged until after the distribution of practically the entire issue. Such, surely, was not the intention of the legislature.

Moreover, how could any other interpretation be applied with any certainty? If it were required that copies must be actually found within the physical possession of the defendant, *when* must they be so found, and *by whom?* On the day that suit is brought, the day before, or a month or a year before? What would be plaintiff's rights as to copies seen by him in defendant's possession some time before suit was brought, as to which defendant proves that he no longer had them at the time of the issuance of the summons?

Must the plaintiff himself see them in the actual possession of the defendant, or would the requirements of such a construction of the statute be satisfied if they were so seen by a stranger who informs the plaintiff? And if defendant's actual possession of copies before suit brought may be proven by such informer, why not (*as was attempted in this case*) by the printer who delivered them into the defendant's hands?

It seems clear that the construction contended for by plaintiff is at once reasonable, clear and responsive to legislative intent; whereas the ruling of the Court below was illogical, strained, technical and unjust.

It is respectfully submitted that the judgment in this case should be reversed and a new trial granted to the plaintiff in error, with leave to show on that trial the number of copies of the infringing publication found by any person or persons in the defendant's possession within two years prior to the commencement of this action.

GEORGE E. WALDO,
Of Counsel for Plaintiff in Error,